

ISSN 1181-6465

Legislative Assembly of Ontario

Second Session, 38th Parliament

Official Report of Debates (Hansard)

Wednesday 4 October 2006

Standing committee on estimates

Ministry of Energy

Assemblée législative de l'Ontario

Deuxième session, 38^e législature

Journal des débats (Hansard)

Mercredi 4 octobre 2006

Comité permanent des budgets des dépenses

Ministère de l'Énergie

Chair: Garfield Dunlop Clerk: Katch Koch

Président : Garfield Dunlop Greffier : Katch Koch

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Hansard Reporting and Interpretation Services Room 500, West Wing, Legislative Building 111 Wellesley Street West, Queen's Park Toronto ON M7A 1A2 Telephone 416-325-7400; fax 416-325-7430 Published by the Legislative Assembly of Ontario





Service du Journal des débats et d'interprétation Salle 500, aile ouest, Édifice du Parlement 111, rue Wellesley ouest, Queen's Park Toronto ON M7A 1A2 Téléphone, 416-325-7400; télécopieur, 416-325-7430 Publié par l'Assemblée législative de l'Ontario

LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON ESTIMATES

Wednesday 4 October 2006

COMITÉ PERMANENT DES BUDGETS DES DÉPENSES

Mercredi 4 octobre 2006

The committee met at 1551 in room 151.

MINISTRY OF ENERGY

The Chair (Mr. Garfield Dunlop): Ladies and gentlemen, thank you very much for being here today. We'll continue on with Minister Dwight Duncan and the Ministry of Energy. As we stand right now, in this round Mr. Yakabuski has six minutes remaining in his questioning. So, Mr. Yakabuski, if you could proceed and we'll continue on throughout the afternoon.

Mr. John Yakabuski (Renfrew-Nipissing-Pembroke): Yes, a number of different things. We've got six minutes here for now; right?

The Chair: Yes.

Mr. Yakabuski: Thank you very much again for coming, Minister. Bensimon Byrne are the ones who did the ads for the opposition leader, when he was in opposition, Dalton McGuinty, the one where he got up and said, "I won't raise your taxes" to the people of Ontario. Since then, that advertising firm has received contracts in the millions of dollars from the Liberal government. I'm wondering if your ministry has any contracts with Bensimon Byrne and, if so, how much they cost.

Hon. Dwight Duncan (Minister of Energy): I don't believe so, but I'm going to have to double-check because we have been involved in a number of advertising campaigns, but I have no recollection of them being used by us, but I will double-check that.

Mr. Yakabuski: So you'll get back to us on that. Thank you very much. That would be of interest to us.

We've heard you talk many times about the megawatts you've brought online, the 11,000 megawatts that you have boasted about coming online. How much of that 11,000 is currently under construction, and could you list them?

Hon. Mr. Duncan: I will give you the projects, the ones under construction right now and the in-service date: York region demand response program, in service date 2006. That's a three-megawatt project.

Mr. Yakabuski: Three-megawatt.

Hon. Mr. Duncan: Yes. Prince I Wind Farm; I believe it just came online, 99 megawatts. Prince II Wind Farm, scheduled to be online November of this year—again, wind—99 megawatts. Both of those are near Sault Ste. Marie.

Under construction and scheduled to come online, Trail Road landfill gas, January 2007, five megawatts. Sithe Goreway, summer 2007, gas, 485 megawatts. Ripley Wind, October 2007, 76 megawatts. Leader Wind A-B, scheduled for 2007, 189 megawatts.

Now, these ones I'm going to have to double-check. They are approved—they are going through various aprovals: Greenfield South, scheduled for 2008, 280 megawatts. Umbata Falls, which is near Marathon, scheduled in-service date May 2008, 23 megawatts. Melancthon 2 wind farm, scheduled for June 2008, 132 megawatts. Sithe Goreway—

Mr. Yakabuski: Now, I asked you, is that under construction, Melancthon 2?

Hon. Mr. Duncan: I believe it is, yes. Now it may have stopped as a result of the land claim and wind claim issues, but these have all been approved, contracts are signed. The first list—and they are all at various stages. Portlands Energy Centre, 330 megawatts. That's in Toronto. Did I say Sithe Goreway?

Mr. Yakabuski: Yes.

Hon. Mr. Duncan: Brampton—no, no, this is another Sithe, 375 megawatts. That's in Brampton. Kingsbridge Wind, 159. That's in Goderich. Kruger Energy, 101 megawatts. That's Port Alma. Island Falls hydro, 20 megawatts. That's in Smooth Rock Falls. Wolfe Island Wind, 198 megawatts. That is near Kingston. Greenfield Energy Centre is now under construction, 1,005 megawatts, Sarnia-Lambton. St. Clair Power, late 2008, again Sarnia-Lambton.

In terms of 2009, as you know, the deal's been signed on Bruce A 1 and 2. That's nuclear, 1,500 megawatts. The Niagara tunnel project, which is under construction now, as you know, is scheduled to come online in 2009, 200 megawatts. And then the incremental Portlands Energy Centre of 220 megawatts is scheduled to come online in 2009.

Now, there are a number of other incremental projects that are still scheduled to come online where contracts have been signed and other offers are out. The amount I've given you so far is 6,893 megawatts, and the grand total, with an additional 3,100—I'll give you some examples of those. We will be announcing very shortly a number of conservation demand management successful proponents.

Demand response proponents: There's a call for proposals out now. You'll know—

Mr. Yakabuski: Minister, I just wanted the ones that are under construction. We might get to the other ones later, but I don't have much time left in this—

Hon. Mr. Duncan: Okay. Well, then, I've got some more. You attended the press conference with Toronto; the downtown Toronto conservation initiatives, 330 megawatts. Those are the ones that are up and going. Oh, and the cogeneration ones, another 1,000 megawatts—

Mr. Yakabuski: Can I just ask a couple of specific questions on some specific ones? The Greenfield in Sarnia, 1,005 megawatts: At what stage of completion are we there?

Hon. Mr. Duncan: We're beginning construction. As you know, there were lawsuits that have now been withdrawn. I believe all the permits are in place and the site's been cleared. I believe the initial foundations have been started—

Mr. Yakabuski: Well, we turned some dirt over

Mr. Rick Jennings: They are under construction.

Hon. Mr. Duncan: They're under construction—that was your question—as I indicated earlier, with a scheduled in-service date of October 2008.

The Chair: Could we get one more quick question and then that time—

Mr. Yakabuski: How much time have I got?

The Chair: You're actually just caught up to it right now.

Mr. Yakabuski: So do I have a question or not?

The Chair: You really don't have any time, but the minister went on a while and I was going to allow you a little more time then just for that.

Mr. Yakabuski: I'd need more than a minute.

The Chair: Okay. That's good. Now we'll go over to the third party. Mr. Hampton.

Mr. Howard Hampton (Kenora–Rainy River): I want to again pick up where we left off last day. I think I put the question to you last day that one of the fairly large urban LDCs, in their submission to the Ontario Energy Board, pointed out that their experience was that it would cost \$350 per meter for the McGuinty meter concept. Their submission also pointed out that if they were to implement what they were doing in rural areas, they thought the cost would be \$375 per meter. It's your figure that there would need to be six million McGuinty meters. So just doing the math, I put to you that that comes to about \$2.25 billion, and I believe you, Minister, and your deputy said that that would be within the range. I think you said somewhere between \$1.6 billion and \$2.25 billion. No? Did I hear you wrong?

Hon. Mr. Duncan: First of all, we actually found the submission you were referencing. It's from London Hydro. It was dated December 2005. We've since spoken to Vinay Sharma, the VP at London Hydro, and I'd just like to relay to you what they have informed us.

"The numbers that Mr. Hampton used were from a presentation that London Hydro gave to the University of Western Ontario on December 1, 2005—the projected costs for smart metering for the city. London Hydro has informed me that the projected costs in this document are no longer correct. Since then, London Hydro has revised

and reduced its cost estimate by some \$10 million, due mainly to the fact that the costs of the meters have been coming down. Moreover, they believe the costs will continue to come down."

Your staffer, as I understand it, Ethan Phillips, went over there to try to get some speculating on the smart meter price. "Phillips asked point blank how much they thought the entire initiative would cost, and London Hydro surmised that it would be around \$1 billion. That's the same estimate as the Ontario Energy Board." I would want to put that on the record. "They, too, indicated that they believe the costs are coming down. The costs are completely in line with the OEB report, and nowhere"—and this is according to London Hydro—"near your calculation of \$2.25 billion." That amount, according to London Hydro, is not attributable to anyone other than yourself.

They also mention that your researcher was trying to entice them into criticizing the smart meter plan. London Hydro informs me that they told your researcher that smart metering is an essential tool that needs to be done, and if not now, then when? Officials at London Hydro were quite incensed that the information that they had provided in the December 1, 2005, document had been, in their words, "deliberately misrepresented."

We will be providing more information from London Hydro, setting the record straight. I'd asked you to provide me with the source. You did not do that. As I say, we've been able to track it down. In fact, we are going to be inviting them—and they see this as quite urgent—to get this misrepresentation of what they said out of the public domain. In fact, they're very supportive of the smart meter initiative.

So in terms of any of the numbers you've put forward, they're categorically wrong. I don't know where you get them from, but the people who authored the report you're quoting will have a lot more to say about the way those numbers have been massaged.

Mr. Hampton: The numbers come right out of the OEB submission. We can argue about the—

Hon. Mr. Duncan: It was not an OEB submission, with all due respect. It was a presentation that was done before anything had even been talked about publicly before the OEB. The kinds of allegations that are made by London Hydro about your staff and your willingness to manipulate that information should be taken very seriously.

Mr. Hampton: I don't think anybody is manipulating information.

Hon. Mr. Duncan: You are. You wouldn't name your source. Why didn't you tell us who it was? You are putting out numbers that are patently false. The authors of the numbers are saying that, and now you're laughing. You've been caught. Do you know what? It was just a bit of research we did because you wouldn't provide us with the information.

Mr. Hampton: Minister, at least we're able to produce some numbers.

Hon. Mr. Duncan: We have produced numbers. Your numbers are false. They're incorrect.

Mr. Hampton: We asked you a week ago for numbers, and you weren't able to produce anything. So we had to go out and find some.

Hon. Mr. Duncan: We produced what you produced, and we've got the accurate information from the author.

The Chair: Guys, come on. Let's get it under control here. Let's start with a fresh question here, please.

Mr. Hampton: We'll be happy to engage in this further.

Hon. Mr. Duncan: This time, I hope you use accurate numbers and don't misquote. Table it.

Mr. Hampton: In fact, we heard what London had to say, and when you do the numbers—

Hon. Mr. Duncan: Table the information. I urge the member to table it.

Mr. Hampton: We can do that.

Hon. Mr. Duncan: I'm tabling what we've got from London Hydro. We have it here.

Mr. David Zimmer (Willowdale): On a point of order, Mr. Chair: I think that if the minister is asked to react or respond to a set of figures or data or datum, whatever, that ought to be tabled so that we can all see it and have it in front of us and respond intelligently.

The Chair: Thank you, Mr. Zimmer. I'll let Mr. Hampton continue on with the line of questioning right now, though.

Mr. Hampton: I've got the documents from London: meter hardware, \$29.5 million; meter installation, \$4.6 million; communication meter-to-data warehouse, \$3.9 million; data management warehousing, \$4.3 million; another charge for \$6 million; program management, \$2.7 million; the total, from their calculations, is about \$50 million.

What I put to you was, in fact, less than that, because they told us that it might be a little less than that, but these are their best calculations.

Now, if you want to produce some other figures from London Hydro, I challenge you. All we've heard from you is more verbiage. If you've got figures to produce from London Hydro, then produce them, Minister.

Hon. Mr. Duncan: We do. I have them here.

Mr. Hampton: Good. Then produce them.

Hon. Mr. Duncan: Well, you haven't tabled yours. Let me just tell you what they said again.

Mr. Hampton: I'll be happy to table—

Hon. Mr. Duncan: You would not provide that.

Mr. Hampton: Chair, if somebody could photocopy these, I'd be happy to table them.

Hon. Mr. Duncan: The record will show that that information was not tabled yesterday.

Mr. Hampton: Let's see your document, Minister.

Hon. Mr. Duncan: I would say you've misled this committee.

Mr. Hampton: Let's see your document, Minister.

Hon. Mr. Duncan: You've misled the committee.

Mr. Hampton: You're raising charges. Let's see your document.

Hon. Mr. Duncan: You've misled the committee. We will be producing it. We're having them come up here, as

a matter of fact. It'll clarify the misleading statements you made. You've misinformed the entire Legislature.

Mr. Hampton: You come in here and say people are misinforming the committee, and I challenge you to produce the figures and you don't have any.

The Chair: Can we please get this under control? We don't need to be standing here arguing like little kids, for God's sake. Now, come on.

Minister, will you please respond to the last question. Then we'll go back to Mr. Hampton again.

Hon. Mr. Duncan: The leader of the third party misled this committee yesterday. We have evidence from London Hydro to counteract everything he said yesterday, and I believe it was a deliberate attempt to put false information in the public purview.

I asked him yesterday to table who it was. He would not do that. I asked him to provide it to us. They refused to do that. So we were able to find out where it came from and interview the authors of the report. The member said that it had been a document with the OEB. It was not. The member said that there were costs associated with the smart-metering initiative attributed to this document that the authors say are wrong and that were overestimated at the time.

I'm simply trying to set the record straight. We will be having those folks come here to the Legislature to set the record straight, because that kind of misinformation should not be allowed to stay out there.

The Chair: Okay. Now to Mr. Hampton.

Mr. Hampton: So, Minister, I've produced some figures for you.

Hon. Mr. Duncan: No, you haven't. I haven't seen them.

Mr. Hampton: Well, you'll see them in a minute.

Hon. Mr. Duncan: Where? Show me. With respect, Mr. Chair, he has not produced the figures. It's just verbiage.

The Chair: I need to give Mr. Hampton a chance to explain himself. Mr. Hampton, can you proceed?

Mr. Hampton: The clerk's assistant will be bringing the document very quickly here.

Hon. Mr. Duncan: Well, I have it here, actually.

Mr. Hampton: This is what their calculation works out to: \$350 a meter. Do you have something which says it will be less than \$350 a meter?

Hon. Mr. Duncan: Yes. We have the OEB report.

Mr. Hampton: Can you table those? When is the OEB report from, again? When is that dated?

Ms. Rosalyn Lawrence: That was January 2005.

Mr. Hampton: So your figures are January 2005, and London Hydro's figures are December 2005. You're telling me your figures are more accurate?

Hon. Mr. Duncan: No. They're in agreement. They agree. London Hydro agrees with the OEB figure, and London Hydro is now saying that they were overestimating their costs.

Ms. Lawrence: What I have here is a presentation from London Hydro made to me and some of my staff on September 21, 2006. Obviously, since it was made to me,

I would have to ask their permission to table it with the committee, but their overall—

Mr. Hampton: I think if you're going to quote from it, you'll have to table it.

Hon. Mr. Duncan: You didn't.

Mr. Hampton: I have said all along I'd be happy to table the document, and I have.

Hon. Mr. Duncan: You're misleading the committee again.

The Chair: Can we not use the word "misleading"? I'm sorry.

Hon. Mr. Duncan: No. That's accurate. Then remove me. He's misleading the committee, Mr. Chair, with all due respect.

Ms. Lawrence: They have revised their project budget to approximately \$40 million, and there are probably several things that are worthy of noting for the record.

Mr. Hampton: So they must have a figure for meter hardware, then. What's that?

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Ms. Lawrence: We don't have the breakdown, but the system they are proposing is actually electricity and water, which adds a significant expense. They are currently in the process of preparing a request for a proposal for the meters.

When they were originally doing their project planning, they had themselves a pilot of seven smart meters in their service territory and had talked to other utilities that were launching small-scale pilots, and that's where they got their estimates of what was in the University of Western Ontario presentation: \$29.5 million. Their cost estimates also are based on the assumption that meter data management would be the utility's responsibility and not a centralized approach, which we have subsequently adopted.

Those are overestimated. They have indicated they will provide to the ministry as soon as possible a similar breakdown on the \$40 million, but I think, in terms of the significant cost variation, you would have to take into account the desire to do water as part of the multi-utility application of smart metering.

Mr. Hampton: I'm going to ask you this: If you're going to quote these figures, you must have a figure for meter hardware. Do you have a figure for meter hardware?

Ms. Lawrence: I have a figure of \$40 million in this presentation.

Mr. Hampton: No, I meant—

Ms. Lawrence: They haven't provided us with a breakdown. I've indicated that they aren't willing to share—

Mr. Hampton: Well, then, don't come here and tell this committee that I'm misinforming the committee if you don't have figures to substantiate your position.

Hon. Mr. Duncan: She didn't say that. I said that.

Mr. Hampton: Well, don't you do it, then, Minister. **Hon. Mr. Duncan:** You are misleading the com-

Hon. Mr. Duncan: You are misleading the committee. You didn't listen to what she said. It's a combined electricity and water meter. You cannot compare it to the cost of other meters.

My deputy minister provided you with a range of costs because they're going to be different across each LDC. In the case of the London one, where you refused to reveal whose numbers you were using yesterday and still refuse to table any documents, we've now revealed a September 2006 report estimating a total cost, and also indicate that the numbers you tried to use yesterday in fact reflected the point that it would be both an electricity and a water meter.

So, Deputy, the range of costs that you quoted yesterday, I think?

Mr. James Gillis: It's anywhere from \$40 at the extreme low end for a brand new meter up to \$500 for an industrial meter. The best estimate of the all-inclusive cost that we have so far comes from the OEB and it's \$250. It covers not only the meter hardware but also everything that would be involved in a smart metering system.

Mr. Hampton: Just to be clear: It would cover meter hardware, meter installation—

Mr. Gillis: The \$250—

Mr. Hampton: I've got to go through this: meter hardware, meter installation, meter-to-data-warehouse communication, data management, computer information system changes and program management; all of that would be covered within that figure, you're saying?

Mr. Gillis: The Ontario Energy Board estimated that the all-in cost for the province for four million meters would be \$1 billion. That equals \$250 per meter, average, across the province.

Mr. Hampton: Okay. I'm just asking you again to state categorically, does it include all of those costs that I just itemized?

Mr. Gillis: It's my understanding that it includes all of the costs that would be involved in implementing the smart metering program in Ontario.

Mr. Hampton: So let me come back and ask you some more questions. You say you have figures from London Hydro that it calculated an all-in cost of \$40 million. I want to be clear: Do you have a figure for meter hardware? Do you have a figure for meter installation? Yes or no?

Ms. Lawrence: No.

Mr. Hampton: Do you have a figure for meter-to-data-warehouse communication?

Ms. Lawrence: No.

Mr. Hampton: Do you have a figure for data management?

Ms. Lawrence: No.

Mr. Hampton: Do you have a figure for computer information system changes?

Ms. Lawrence: I think it's customer information systems.

Mr. Hampton: Okay.

Ms. Lawrence: No.

Mr. Hampton: Do you have a figure for program management?

Ms. Lawrence: No.

Mr. Hampton: You have none of those figures.

Ms. Lawrence: Not broken down.

Hon. Mr. Duncan: We have a total figure but not broken down like that, and we have it province-wide, and we have accurate figures.

Mr. Hampton: I'm just asking because these are all important figures.

Hon. Mr. Duncan: And by the way, you haven't tabled the entire document that we have either, with respect. I see a little graph here. You have not included the whole document.

The Chair: Mr. Hampton, can you ask the question? **Mr. Hampton:** Yes, we can deal with that later. But your figure—

Interjections.

Hon. Mr. Duncan: Let the record show that— **The Chair:** Could we have some order, please?

Hon. Mr. Duncan: —he's still refusing to table the document.

Mr. Hampton: Let's look at your figure, which you say is \$40 million. Let's do a quick division of households—

Hon. Mr. Duncan: With respect, Mr. Chair, that is the figure provided to us by London Hydro for their particular installation, water and electricity.

The Chair: I understand that. I think he's asking for—

Mr. Hampton: Let's use your figures for a minute.

Hon. Mr. Duncan: I just want to be careful. These are not our figures. The member quoted from a London Hydro document, and we have a more up-to-date document from London Hydro, dated September 2006, which with their permission we will table. That document includes an electricity and water meter. It's a combined meter. He keeps using this as our number; it's not. We had to find out where he was getting his information from. We did, with no assistance from him. We found out that the information he provided was (1) out of date, and (2) we now have other information from London Hydro that has more accurate numbers. My officials were very careful to say again that this is data from London Hydro.

The Chair: Okay. I think that's now on the record. Mr. Hampton has an opportunity now to continue his questioning.

Mr. Hampton: I just want to use the figures that the ministry is now quoting: \$40 million divided by the 136,000 households gives us a cost of \$300 per meter.

Hon. Mr. Duncan: That's an electricity and water meter. It's not strictly an electricity meter. It is a highend technology. I think my deputy has given you a range of prices for meters of between \$50, at the bare minimum, up as high as \$500.

The Chair: Two more minutes left in this particular round.

Mr. Hampton: Let's work with the numbers that London Hydro has provided us with. It works out to \$300 a meter. Let's do again a quick calculation: six million—

Hon. Mr. Duncan: It's a combined hydro and water meter.

Mr. Hampton: Well, you can contest that, Minister. That's your privilege.

Hon. Mr. Duncan: No, that's a fact, Mr. Hampton. It's not being contested. They're not going with a straight electricity meter. You're misleading the committee by suggesting that \$300 cost is strictly for an electricity smart meter. This particular LDC has chosen to proceed with a combined electricity and water meter for, I suspect, a whole variety of reasons. It's not an electricity meter; don't suggest that it is. It is an electricity and water meter and it falls within the range of costs that both the OEB has provided to us in terms of potential total cost to the system and the cost per meter that my deputy has provided you with.

Mr. Hampton: Okay. If you want to insist it's combined water and electricity, that's fine.

Hon. Mr. Duncan: No, that's London Hydro. It's not me. You quoted them. You used their information.

Mr. Hampton: Then let London Hydro insist that and let you insist it as well. My point is, if we do some quick calculations, it's about \$1.8 billion for the province, based upon your estimate of six million meters.

Hon. Mr. Duncan: We said for four million. The OEB figure is for four million meters. Again, you're torquing the numbers, Mr. Hampton, and you're taking your—

Mr. Hampton: I asked you earlier—

Hon. Mr. Duncan: Let me set the record straight. To repeat what my deputy said to you, he said and the OEB report says that the cost to the province will be \$1 billion on the four million meter estimate. That's what was said in this committee. The record, Hansard, will reflect that. Do not try to put false information out there. It's completely unethical.

Mr. Hampton: Chair, maybe you can review this. I think I asked earlier—in my line of questioning, I said, "And the ministry agrees that their figure is six million meters," and I believe the minister and his official said "Yes."

Hon. Mr. Duncan: The minister volunteered in questions—not to you; to the official opposition—so that there'd be no—we're trying to put straight, accurate information out there, the best we can, that the OEB report was based on the four million existing meters. Our government believes that when the entire project is done across the province, with submetering and so on, there will be a total of six million meters. The estimates that were provided by the OEB were based on four million meters. The numbers that London is providing are, frankly, consistent, and London has now said that they are entirely consistent with the OEB's cost estimate, both on a global basis and on a per-meter basis. The London meter is slightly more expensive because it is a combined electricity and water meter.

1620

The Chair: It's now 4:20, and that's the end of Mr. Hampton's particular round. I want to ask you, from this point on—I prefer that you don't use the word "misleading." Whether you feel that way or not, I'd prefer that not to happen. If it continues, I'm going to adjourn

the meeting and we'll come back next week. With that being said, we now go to the—yes, Mr. Zimmer?

Mr. Zimmer: On a point of order, Chair: What position does that leave the members of the committee in if, as a matter of conscience, they feel an utterance, from whomever, is misleading? Are they not entitled to challenge that as misleading before they continue their questions? If they don't want to base their questions on what, from their point of view—

The Chair: Mr. Zimmer, I consider the word "misleading" to be unparliamentary, and I don't want that to continue in this meeting.

Mr. Zimmer: What synonym could I use instead of "misleading"?

The Chair: You'll have to come up with that word yourself, and I'll determine that when you bring that word up in the committee.

Now I'm going to turn it over to the government members to see if they'd like to ask any questions for the next 20 minutes

Mr. John Wilkinson (Perth–Middlesex): We don't have any questions at this time, but we don't cede our time.

The Chair: You will not cede your time? With that, I will now go over to—

Mr. Wilkinson: Mr. Yakabuski.

The Chair: Mr. Yakabuski is not here, but because yesterday the NDP stood down their time, I'll now go back to Mr. Hampton for the next 20 minutes.

Mr. Hampton: I accept your explanation that the OEB report is based upon four million meters. I also accept your statement, then, that in fact the new figure that the government is looking at because of submetering is now six million meters. If you take the OEB figure that was given and you factor in six million meters, I think we are now talking about \$1.5 billion. Is that correct, \$1.5 billion?

Mr. Gillis: I don't think it's a linear function. Some of the cost would remain as a fixed component and then you'd have a variable component in going from four million to six million.

Hon. Mr. Duncan: And you have to apply the same logic to the benefits that the OEB identified for four million meters to the benefits that would be applied to six million meters.

Mr. Hampton: So if you're saying it wouldn't be \$1.5 billion, what do you think it would be?

Mr. Gillis: As I've explained in the past, we're not really at liberty to discuss the component parts because there are ongoing RFPs for procurement of those different elements. Our expectation is that it would be something less than \$1.5 billion.

Mr. Hampton: If I use the London figure, it's \$1.8 billion. If I extrapolate from your OEB figure, it's \$1.5 billion. What you're saying is—

Hon. Mr. Duncan: The London figure has already been shown by London Hydro to be inaccurate.

Mr. Hampton: No, I'm using the London figure that you quoted.

Hon. Mr. Duncan: No, you are not. You are deliberately—

Mr. Hampton: I'm using the London figure that you quoted here of \$40 million.

Hon. Mr. Duncan: You are not using the information appropriately. Mr. Chair, I'm in your hands as to whether or not that's parliamentary.

The Chair: I'll go along with that.

Hon. Mr. Duncan: It is not being used appropriately. It is being used to not provide accurate numbers with respect to the cost, not only of individual smart meters but the cost of the system overall. I think it's important that we continue to point those things out.

Mr. Hampton: Okay, you can point that out. I'm simply asking, based upon the London figure you've provided, if you do the calculation, I think it works out to \$1.8 billion.

Mr. Gillis: I think that London Hydro is proposing to spend \$40 million on metering infrastructure—

Mr. Hampton: That's right, and for now I accept your—

Mr. Gillis: —and some of it is related to water and some of it is related to electricity and—

Mr. Hampton: And I accept your explanation there too.

Mr. Gillis: Okay.

Mr. Hampton: I'm simply saying, if you do the math, it works out to about \$1.8 billion.

Mr. Gillis: I think that's where we would depart.

Hon. Mr. Duncan: That's were we would really depart.

Mr. Hampton: I'm asking you if you have a more accurate figure, a better figure, and you're saying you have an expectation but you don't know. Right? Is that fair?

Mr. Gillis: That it would be less than \$1.5 billion.

Mr. Hampton: You have an expectation that it would be less but you don't know.

Mr. Gillis: Less than \$1.5 billion.

Mr. Hampton: Or in their case, less than \$1.8 billion.

Hon. Mr. Duncan: And there's no way that you could know it is more than \$1.5 billion because the proposals are still out there. It is the expectation that it will be below \$1.5 billion, depending on the results of the various RFPs.

Mr. Hampton: Now, the other figure that I quoted to you, because we did some research on this, is that the data processing entity and related costs to the data processing entity could cost more than \$1.25 billion. Do you think that figure is inaccurate?

Mr. Gillis: I think all indications are—we have from the OEB studies that were done, and the initial estimates provided were that that would more than encompass the total cost, including the meter hardware. So no, I don't think it's going to approximate \$1.25 billion.

Mr. Hampton: So what is your sense of the cost of the data processing entity and the related costs that go along with that in terms of the computer information systems?

Mr. Gillis: There are a couple of things to bear in mind, the first of which is that it's easy, I guess in your mind, to picture something that's enormously complicated and sophisticated, but what will happen is that the meter will only need to read three data points per day for the five working days and then one, ultimately, for the weekend. So it would be 16 reads per week per customer. It's not the billion-type figure that you were talking about earlier on. Then from our perspective, releasing estimates while an RFP at the ISO is ongoing again is something that I don't think would be prudent at this stage.

Mr. Hampton: Sixteen reads per week per customer?

Mr. Gillis: Something like that, yes.

Hon. Mr. Duncan: Per meter.

Mr. Hampton: Per meter. So we're talking about six million meters, right?

Mr. Gillis: Well, it would be 800,000 at the end of 2007

Mr. Hampton: Well, 96 million reads per week, just by using your figures.

Mr. Gillis: Yes, and a good example of how you can get to big numbers like that would be in the number of Internet sites hit by various web surfers that would be well in excess of that type of figure. It's not an uncommon number in the world of high technology.

Mr. Hampton: When we put this to folks and said, "You need the technology to be able to handle in total 90 million a week"—the figure we were using was 85 million a week—we were told that would take fairly sophisticated computer systems, fairly sophisticated information technology systems. Do you agree?

Hon. Mr. Duncan: If I may, Mr. Chair, I'd like to know where that information came from so we determine the veracity of the information. It's not consistent with what we've heard. I'll let the deputy take it, but we have no way of looking—we discovered, on the question of cost of meters, that the information that was provided was simply not accurate. It's difficult to respond to a number that, for all we know, is just taken right out of the air

Mr. Hampton: I'm actually using your figures.

Hon. Mr. Duncan: No, you're not.

Mr. Hampton: Sixteen reads a week, six million meters—

Hon. Mr. Duncan: No, you're not. You're talking about information you had from other people a moment ago. Hansard will reflect that. Can I just confirm that? I'll get the blues—

Mr. Hampton: If it's not 16 reads a week, how many is it a week?

Mr. Gillis: It was an illustration of how many reads we would estimate there would be. It depends on the pricing regime. If the OEB comes out with a two-tier pricing regime, it could be smaller, for example.

I just want to make again a couple of points. The determination to centralize this in one place in the province was made rather than having 90 different billing systems that would need to accommodate it. As well, we'd have to point to other jurisdictions where they're billing

time of use and would have systems that would need to be much, much bigger than our own; for example, in California where they have 40 million people and some 20 million meters, and in Italy where they have even more than that. We're embarking on a slightly smaller program here than would already be in place in other jurisdictions. Again, I don't think our cost estimates would in any way, shape or form approach yours.

Mr. Hampton: Okay. Since you mention the California example, do you have the cost figures for California?

Mr. Gillis: For what they've implemented from a back-office perspective? No, we don't. On a stand-alone basis, no.

Mr. Hampton: Yet I think what I heard you say is that you used California's Pacific Gas and Electric as one of the bases for this concept. You told us that.

Hon. Mr. Duncan: Actually, I think we do have some—Ros?

Ms. Lawrence: This is just their recent rate order from the California Public Utilities Commission, so it is broken down at quite a level of detail in terms of cost. I apologize; I lost the line you were looking for. You're looking for the cost of what aspect of it?

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Mr. Hampton: The deputy was citing the number of customers in California, the number of meters. I think he referred to the number of operations.

Mr. Gillis: In relation to the technically challenging component of the question, yes. I'm just saying it's been done before.

Mr. Hampton: Since you know the number of operations and that sort of thing, since you studied the California system, then you must have some idea of the cost of that system.

Ms. Lawrence: They're projected costs as presented to the regulator through 2011. Their assumption is that the last meter is installed in 2011, is an overall cost of \$1.7 billion and present value of \$2.25 billion for their system.

Mr. Hampton: The \$2.25 billion for what?

Ms. Lawrence: The entire initiative at PG&E.

Hon. Mr. Duncan: How many meters?

Ms. Lawrence: More than four million metres.

Mr. Hampton: It's four million meters?

Ms. Lawrence: More than. Hon. Mr. Duncan: Way more.

Mr. Hampton: How many more?

Mr. Gillis: Again, there's a problem in interpreting the data. It's Pacific Gas and Electric, and we're not sure—we'd have to take a quick look again at the background.

Mr. Hampton: Could I ask that this document be tabled? If people are going to cite from documents, I think there's some responsibility for them to table the document.

The Chair: I'd like as much information tabled as possible here, if we could, whatever document anyone has. If the ministry can table that, that would be fine.

Ms. Lawrence: We can certainly sever the PG&E regulatory summary and table it. We can have someone bring that over.

The Chair: I appreciate that.

Mr. Hampton: Why would you sever the regulatory summary?

Ms. Lawrence: Because it's in a document that is my own document with notes on various projects. I just happen to have that in here.

Mr. Hampton: Do you have the original?
Ms. Lawrence: We do, but at the office.
Mr. Hampton: Can't you table the original?

Ms. Lawrence: Yes. Mr. Hampton: All right.

I guess that's the one estimate we have for a system that's up and running—\$1.7 billion for a total cost of \$2.25 billion.

Hon. Mr. Duncan: And we have an estimate from the OEB and we have a number of pilot projects going on in Ontario

Mr. Gillis: I think we'd have to be careful about comparing California, which could have a certain number of features that would be prudent to install in California that may not transfer well into Ontario. The best estimate we have is for Ontario being \$1 billion, and that came from the OEB.

Mr. Hampton: That was a figure in January 2005?

Mr. Gillis: That's right.

Mr. Hampton: We're now almost into January 2007 in a couple of months.

Hon. Mr. Duncan: And we have proceeded with a number of pilot projects throughout the province, including Ottawa and a number of other places to see how these costs will work out. That's why we're doing pilot projects.

Mr. Hampton: Ms. Lawrence, you cited from the California document. Does it break down—

Ms. Lawrence: Sorry. If I may just clarify and further to the deputy's point, the California system also accommodates gas, for example, which makes it an apple and an orange.

Mr. Hampton: Yes. You might be able to use it for gas as well. But one of the issues I've been asking about is, in the California example, do they use a centralized data processing entity?

Mr. Gillis: I think their utility is as big as the province, so they would have one utility that would perform the function, whereas we have 90. That's why we combined ours in a back-office-type situation.

Mr. Hampton: So you believe they have a centralized data processing entity?

Mr. Gillis: I don't know for sure if it's exactly the same as what we're planning, but they would have a similar or greater number of customers.

Mr. Hampton: Can you find out if it is a centralized data processing entity?

Mr. Gillis: For sure they would have a centralized data operation. Whether it's exactly the same as ours, I wouldn't know off the bat. We'll have to do some

research. They're actually not at liberty to tell us exactly what's in their data operations.

Mr. Hampton: Okay. Do you know what the cost of their centralized data processing entity was?

Mr. Gillis: I think another important feature there is that we're not sure what their billing system originally looked like and what they need to migrate to, so again, it's a different feature. I'm just trying to preach some caution in comparing systems that would naturally be a lot different.

Mr. Hampton: But we need to have something to look at, because I've been asking you for three days, and for three days you have not produced much in the way of information.

Mr. Gillis: I think we tabled the OEB report, which is the basis for the whole program.

Mr. Hampton: And I think we also recognize that the OEB report is almost two years old now.

Hon. Mr. Duncan: And we believe that the costs are actually lower than in the OEB report. We are doing pilot projects now to do test the veracity of the OEB report, and we are moving forward prudently.

Mr. Hampton: I just want to ask the deputy again: Can you provide us with the cost of establishing the central data processing entity in California?

Ms. Lawrence: We can follow up and provide you with a description of their data management system, and certainly an approximate cost as shared with their regulator—that would be publicly available as well.

Mr. Gillis: We can ask them for a description of their system. I don't think it's reasonable to expect that they necessarily have to provide that.

Mr. Hampton: Can you ask them what it would cost? **Mr. Gillis:** Sure.

Mr. Hampton: Okay. I want to go on to some other issues. Do you have any idea what the ongoing operating costs are for California—their system? In other words, do you know what their annual operating costs are?

Mr. Gillis: On a monthly basis?

Mr. Hampton: A monthly basis, an annual basis.

Mr. Gillis: Just the people costs of operating the system and the software upgrades you would need to make in any one year? We can ask for that as well. Again, they don't necessarily have to provide that information to us. If it's in the regulatory documents, we'll certainly work to get that.

Mr. Hampton: Do you have any estimates of what the operating costs of the McGuinty concept would be in the province of Ontario?

Mr. Gillis: The ongoing operating—

Mr. Hampton: The operating cost: monthly, annually, whatever.

Mr. Gillis: Again, we're in the midst of an RFP for what is probably 65%, or even more, of what the operating costs on an ongoing basis might be, so we'll have better information coming out of that RFP.

What we're comparing is a meter system in which someone will walk around and write down on a piece of paper exactly how much has been consumed, versus doing it with a technology basis behind it, and we don't have the second suite of information. I can tell you how much it costs to have the guys walk around, and we think it will be less costly to do it remotely.

Hon. Mr. Duncan: Can I just read from page 25 of a document we tabled, in terms of smart metering cost? This is, again, an OEB document. It's that original document: "The capital cost of installing smart meters for all customers in the province is estimated at \$1 billion. Based on cost estimates prepared by working groups for the basic smart meter system being proposed, the incremental monthly cost for a typical residential customer may be between \$3 and \$4 a month once full implementation is complete in 2010. Because costs will be spread among all customers in a class from the outset of the project, the monthly charge will start low and increase to the \$3 to \$4 figure as more and more meters are deployed. For example, in year one of the project, much of the system changes and some of the common infrastructure may have been deployed but few of the actual meters, so a charge of \$0.30 to \$0.40 per month per customer would be sufficient to fund that part of the project." And it goes on.

They're estimating, once fully implemented, somewhere between \$3 and \$4 per customer.

Mr. Hampton: Per month.

Hon. Mr. Duncan: Yes, per month.

Mr. Hampton: Okay. Based upon that, you must have a sense of the overall annual operating costs.

Mr. Gillis: Again, we're in the midst of an RFP, and we'll have better information coming out of that RFP.

Mr. Hampton: Okay. I remember, the other day, that you quoted the dollar value of savings you expect from the McGuinty meter program.

Mr. Gillis: For four million meters.

Mr. Hampton: Do you want to go through again what you think it is?

Mr. Gillis: What the components of the cost savings are going to be? I can.

Mr. Hampton: Okay.

Mr. Gillis: We had a study completed. Just at a high level, there will be local distribution company savings and operating cost reductions. There will be energy cost savings, and that will be a societal benefit.

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Mr. Hampton: How much will they be?

Mr. Gillis: In our study, it came to just over \$400 million

Mr. Hampton: So \$400 million for the LDCs? Those are the savings you predict?

Mr. Gillis: That's a third-party study that we had done.

Mr. Hampton: But do you stand by that?

Mr. Gillis: It's a Navigant study. It's a Navigant number.

Mr. Hampton: And that's \$400 million on an annual basis or—

Mr. Gillis: It's all present value. The capital outlay is made today, so we present-valued the savings in relation

to the capital expenditures, which would be made today. This is over the life of the system again.

Mr. Hampton: Okay. Go on.

Mr. Gillis: There will be \$360 million-plus in energy cost savings. Generation capacity avoidance—again, remember we're trying to avoid needing to build a new generating station to serve the 10 days a year when we hit peak. So generating capacity avoidance is \$635 million-plus, and then there are transmission and distribution expansion avoidance deferral savings. Since you distribute the energy you use more broadly over 24 hours a day instead of over eight or 16 hours a day, you need to build the system in a slightly different way. The savings associated with that would be \$170 million, for a total of \$1.575 billion, and that compares to the \$1-billion expenditure that we would need to make for the smart metering system overall.

The Chair: We've got time for one more quick question in this round, Mr. Hampton.

Mr. Hampton: Just so I'm clear, none of these are annualized. This is total ballpark—

Mr. Gillis: I can give you the OEB's estimate. They have a couple of points in their report that refer to how much you will save. So you'll make this \$4-a-month expenditure, and then they've estimated how much savings you'll receive in the year in which you make that expense. One of the things they thought would happen is that we would reduce the overall peak. In reducing the peak 2% to 5%, their view was that that could reduce energy prices at peak by more than half, and that ultimately—

Mr. Hampton: So that's the \$400 million savings?

Mr. Gillis: I'm just trying to put it in monthly terms for you. What they thought that would do is reduce bills across the province by some 2%, and 2% on a \$100 average bill is \$2 a month. They also recognized that there would be a 39-cent-per-month saving in your distribution bill. Those are the two components the OEB identified on a monthly basis as savings that would accrue to ratepayers across the province on average.

The Chair: That's the end of the 20 minutes for the third party. We now go to the governing party.

Mr. Wilkinson: Mr. Chair, we don't have any questions of the minister at this time, but we don't cede our time.

The Chair: Okay. That puts us down to the last 40 minutes: 20 for the official opposition and 20 more for the third party. Mr. Yakabuski.

Mr. Yakabuski: Minister, I've got a few questions. One of them is on smart meters. You made the proclamation last week when we were here that everybody in this province, personal or commercial, will benefit from the use of a smart meter in this province; basically, they will profit by having a smart meter.

I'm going to draw you a little scenario here, probably appropriate on a day like today: A Chinese restaurant in a mall is open limited hours, and those hours run throughout the day. Lunch hour is the big time. Supper is not a big time; lunch hour is the time. I'm asking you how that

person can possibly benefit based on the cost of implementation of the meter, the cost of the monthly charges and the fact that all of their electricity will be purchased at peak time and they don't have a choice. They don't have a choice about when they're going to buy that electricity because the people who go through that mall and that restaurant demand that they be served food at that particular time. How can you guarantee that that entrepreneur, that Chinese small businessman is going to benefit by the implementation of your smart meter plan?

Hon. Mr. Duncan: If you have a look at the report of the Ontario Energy Board, you will see that in addition to—quite frankly, if a consumer doesn't take advantage of the ability to use the smart meter, they won't benefit, but there are also system benefits. Improved system efficiency will lead to lower bills overall.

Let me give you a couple of easy-to-understand scenarios. In Italy, where they've installed smart meters, the amount of theft by grow operations has been reduced. The amount of line loss—let me finish; I know you're chomping at the bit—is reduced. Those are all actually right on your bill. So if the system is more efficient, then peak costs should come down as well.

So there are two components: There is the direct component, that if you have the ability to manage your consumption more efficiently—which you don't right now—then you can. The second component that everybody benefits from is better system management, more system efficiency, and those costs ultimately pass down to the consumer. There's quite a bit on that in here.

Mr. Yakabuski: Everybody is going to benefit from system benefits.

Hon. Mr. Duncan: Everybody benefits, in our view, from that. If you manage your system better—if I consume less electricity because I'm able to on a day-to-day basis, the system has to require less peak power, we don't have to build as much, spend as much, we don't have as many wires—then you save money.

Mr. Yakabuski: With all due respect, Minister, if I could speak to the individual. The system part we understand. You've made that claim previously here. But it's cold comfort to that poor entrepreneur at the Chinese restaurant that everybody in the system, according to you, is benefiting. He needs to know specifically how he's going to benefit, and you cannot give us any undertaking that he, personally—what is OPG or Hydro One going to do, send him a Christmas card thanking him for the system benefits? This guy is barely making ends meet and you're telling me that he should be happy that the system is benefiting. He's not going to be in business with the peak rates of hydro, if that's the only time he can actually do business at his restaurant.

Hon. Mr. Duncan: Just to explain to you, electricity rates are based on system costs. If we install smart meters, system costs will come down; therefore, electricity rates will come down.

Mr. Yakabuski: So as soon as we get those people to eat at 3 in the morning, everything is going to be fine.

Hon. Mr. Duncan: No. Even the example you cited will save money.

Mr. Yakabuski: He will save money at his restaurant?

Hon. Mr. Duncan: He will save money, absolutely.

Mr. Yakabuski: Well, I'll tell you, I'll be coming back to see you about that one. And I'm sure he will be, and he won't have an egg roll with him.

Minister, the standard offer program—

Hon. Mr. Duncan: By the way, if I may, we do estimated billings now for guys like that. How does he benefit from that meter system? How do we know he's using that power? How do we know he's paying his fair share? We don't know that.

Mr. Yakabuski: I'm not—

Hon. Mr. Duncan: You've got to put it into its complete context.

Mr. Yakabuski: I'm running out of time.

Hon. Mr. Duncan: Right now—sorry.

The Chair: Okay. Let's go, Mr. Yakabuski.

Mr. Yakabuski: Standard offer program: Renewables 1 and 2, as you said yesterday, 8.5 cents per kilowatt hour. Now we've got the standard offer program, which is 11 cents for wind, 42 cents for solar. The information I'm getting is that this was designed so that small, notfor-profit, community-based utilities or whatever could get into the system, because they simply couldn't compete with the big guys when there wasn't some sort of program, and they couldn't compete at 8.5 cents. However, there is no geographical restriction on the standard offer program. There is nothing to stop large producers from building, say, a 120-megawatt installation, breaking it up 12 times, metering it separately, but being on one tract of land. There is nothing in there to stop them from taking advantage of that and being paid 11 cents a kilowatt hour.

What's important here is that the people of the province of Ontario are going to be paying more for power because of the fact that you're paying more to get it. But when you don't have any provision in there to ensure that that can't be done, you are not protecting consumers. I'd like to know how—what—and it's already out.

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Hon. Mr. Duncan: I don't know how you can draw that conclusion. The rules aren't out yet. That concern has been raised. Let me put it into another context for you, because I know you are sensitive to rural issues. I toured a farm in Bruce county where there was a group of 10 farmers who wanted to go in together. These were small farmers in essentially what I would call a cooperative. They would be prevented under the existing rules, because if they each had 10 megawatts—10 each; 100 megawatts—they would have to bid in under the RFP.

The final rules on that are not out there. You raise a very valid question about who can access the program, but in fact that's not the policy yet. That issue has been raised with myself and with others. Part of the challenge there is looking at the example I spoke of. Let's say we have 10 small farmers who each have a 10-megawatt wind proposal and they want to go in on it together to

help bring down their overhead costs. Is that a cooperative or is that a big energy venture? Those are the kinds of rules we're working on with the OPA now to finalize. We have met with the Ontario Federation of Agriculture. We've met with a number of other stakeholders. John Wilkinson has had me on countless farms and meeting with countless community organizations, as have other members, as we begin to finalize the rules associated with this.

You raise a very valid point. It is not in fact policy yet. We're working through that. I anticipate that those rules will be out at the beginning of November. But you raise a very valid concern.

Mr. Yakabuski: You announced this standard offer program how long ago? A year ago?

Hon. Mr. Duncan: We announced we were doing it. We announced the formal program. We actually now have 400 applications before the Ontario Energy Board and we are now finalizing the rules. There's a whole range of rules that need to be looked at. For instance, in certain parts of the province there are going to be de facto restrictions on how many we can take because of transmission capacity, and that's a challenge for the program. In other parts of the province, there will be distribution issues. In any event, the final rules—and everybody who's participating in this knows this—will be coming out November 1. Queuing is a good example, whose power goes on first, that sort of thing.

Myself personally, in my capacity as minister, my staff, the Ontario Power Authority have been meeting with the community groups, the farmers and others who want to access the program and, to put it into parlance that I think I've heard you use, we're ready to rumble.

Mr. Yakabuski: I would never use those words. That's that guy from Las Vegas.

Energy from waste, Minister: Do you support that? A quick answer.

Hon. Mr. Duncan: It depends on the technology. For instance, prior to being elected to the Legislature, I was a member of our municipal council and in 1990, I toured about a dozen energy-from-waste facilities throughout North America. I've also toured facilities in Europe. Some of them I think are fascinating. I think some of them provide real opportunity. Others, if I might, including—there's an incinerator in downtown Detroit which has no technologies that reduce emissions. Personally, I think with the right technology, with the right emission reductions, it's something we all should look at.

Mr. Yakabuski: Would you consider the Wesleyville site?

Hon. Mr. Duncan: We have not considered that site at this point. There have been a number of requests there. There have been proposals for energy from waste, gasification. There are a number of corporate interests that have been out there. There's been some who think it would be a good site for nuclear development. We of course said there will be no new nuclear development other than on existing sites, but we have not formally—

Mr. Yakabuski: Ever?

Hon. Mr. Duncan: Well, we have said in the context of the IPSP, but we have not formally considered Wesleyville for an energy-from-waste facility. There have been no formal—

Mr. Yakabuski: What's your personal view on that?

Hon. Mr. Duncan: On using Wesleyville?

Mr. Yakabuski: Yes.

Hon. Mr. Duncan: Again, I'd have to look at any firm proposal. For instance, if you wanted to put the type of incinerator you have in downtown Detroit at Wesleyville, I wouldn't support it.

Mr. Yakabuski: I wouldn't either. I appreciate that.

Hon. Mr. Duncan: But if you were to—

Mr. Yakabuski: We're saying, use the best technology out there.

Hon. Mr. Duncan: Let me just say, though, part of environmental assessment is that you have to compare sites. Subject to a full environmental assessment and subject to it being determined that that is environmentally the best place, then sure, you would, but we don't know that about Wesleyville.

Mr. Yakabuski: Thank you. I—

Hon. Mr. Duncan: Let me finish, because it's difficult to answer a completely hypothetical situation.

Mr. Yakabuski: I said I'd like a short answer.

Hon. Mr. Duncan: That's just too easy.

Mr. Yakabuski: Okay.

Hon. Mr. Duncan: I don't think there is an easy answer to this.

Mr. Yakabuski: We'll pick this one up next year.

Hon. Mr. Duncan: I think the sooner you folks in the Tory party get over that, the better off you'll be in terms of your own policy.

I think the challenge is going to be what alternate uses there would be for that site—

Mr. Yakabuski: Chair, I'm satisfied.

Hon. Mr. Duncan: —and formal proposals.

The Chair: Let's go to the next question.

Mr. Yakabuski: I've got a 2007 return on investment preview: The Ugly Get Uglier and Is There Trouble Brewing in Ontario? It's produced by Karen Taylor of BMO Nesbitt Burns. She has a very dim view of the potential for capital investment in Ontario. One of her concerns is that the OEB is currently doing a cost of capital review, whereas LDCs currently have a rate of return, I believe, of 9%, and they're looking at bringing those numbers down significantly. LDCs are requiring billions of dollars of upgrades in Ontario over the next 10 years. Toronto Hydro, of course, would be the biggest one, with upgrades in huge numbers, well in excess of \$1 billion. How do we expect LDCs to be able to upgrade their infrastructure if they can't get the financing because the rate of return is not sufficient for lending institutions to justify that kind of investment?

Hon. Mr. Duncan: So you're advocating raising electricity rates?

Mr. Yakabuski: No, I'm asking you a question.

Hon. Mr. Duncan: You're implying that you want us to raise electricity rates to pay banks. Is that what you're advocating?

Mr. Yakabuski: No, I'm asking you a question, Minister.

Hon. Mr. Duncan: Well, I'm answering it. If you are saying that we should raise electricity rates to make a financial analyst at a bank happy, I won't do that. Let me tell you—

Mr. Yakabuski: Okay. I've got your answer.

Hon. Mr. Duncan: I haven't seen that particular report. I'd want to see it in its entirety before I comment on it.

Mr. Yakabuski: You just did comment on it.

Hon. Mr. Duncan: No, I commented on your assertion that—

Mr. Yakabuski: You said "in order to make a financial analyst happy."

Hon. Mr. Duncan: You just said that we should raise electricity rates—

Mr. Yakabuski: No, I did not say that.

Hon. Mr. Duncan: —to make profit for foreign companies.

Mr. Yakabuski: No, I did not say that. **Hon. Mr. Duncan:** That's what I heard.

The Chair: Hold on again. Let's have a little order. Mr. Yakabuski, can you table that report?

Mr. Yakabuski: Yes.

Hon. Mr. Duncan: Let me just add, I have not had a chance to read that report.

The Chair: He'll table that.

Hon. Mr. Duncan: Can I finish my response in terms of the question?

The Chair: Okay. Let's have a quick response.

Hon. Mr. Duncan: I had the opportunity this spring, as finance minister, to travel to Boston, New York, London and Geneva. We sold out a \$1-billion bond issue in five minutes. In fact, one of the reasons the Canadian dollar is as strong as it is, among others, is the performance of our economy here in Ontario.

Again, I'm not familiar with that particular document or the context in which those comments were put, but I would submit that we have the most robust transmission and distribution system in North America. I would further conclude by saying that your federal counterparts two days ago released the final report on the analysis of the post-blackout response here and we were found to have done very well.

I believe we have outstanding infrastructure. I believe that it's profitable for local utilities and I believe that we can expect to see many years of further investment and capital being available to do that. That would be my take.

Deputy, did you have anything you wanted to add to that?

Mr. Gillis: That's okay.

The Chair: You're down to the final five minutes, Mr. Yakabuski.

Mr. Yakabuski: Your conservation announcement of \$400 million is not being put through the OEB. It's not rate-based. It is being administered by the OPA. Under the OEB, you've got to go to the OEB to get approval, and there are hearings, for your rate of return. Any rate-

of-return application has got to be part of your application, and that is something administered and determined by the OEB.

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What it looks like you've created, and it speaks to the whole situation here, is a second tier, if you want to call it that, a regulatory board in the OPA. It appears to me that you're creating buffers for the Ministry of Energy. Now you've got two energy regulators: the OPA, which is looking after the conservation part of it, and the OEB, which normally looks after the decisions about rates of return on investment and everything else.

Hon. Mr. Duncan: No. First of all, on the broader issue, the OPA is not a regulator, it's a system planner. I will ask my assistant deputy—

Mr. Yakabuski: Then why are they determining the-

Hon. Mr. Duncan: They're not. My assistant deputy minister will explain how the interaction happens. I'll turn it over to Tony to do that.

Mr. Yakabuski: When there are two minutes left, whether they're talking or not, I would like to talk.

The Chair: Okay.

Dr. Tony Rockingham: My name's Dr. Tony Rockingham. I'm the assistant deputy minister in charge of conservation and strategic policy at the Ministry of Energy.

Perhaps I can give some background on the directive that the minister provided to the OPA. He has directed them to use up to \$400 million to assist the local distribution companies in delivering conservation. That's part of their mandate under the amendments that were made to the Electricity Act.

The funds that the OPA has access to do come from the ratepayers. They come from a charge that is called the global adjustment charge. The funds that the OPA will make available through contractual relationships with local distribution utilities can be reviewed by the Ontario Energy Board, which is the regulator for setting electricity rates in the province. We anticipate that the OPA will be working with local distribution utilities over the coming months to look at opportunities that LDCs or others identify, that there will be coordination and consultation to identify those opportunities, and that programs will be developed so that local distribution utilities can help consumers in conserving electricity. As I said, the money that's provided will come from the global adjustment fund, and therefore all of those funds will come from ratepayers.

The Chair: Thank you very much. Mr Yakabuski, you asked for the last two minutes, so you have two minutes left right now.

Mr. Yakabuski: Yesterday, I sat through a sanctimonious sermon on the part of the Minister of Energy, and the implication was that other people don't care about air or children in the province of Ontario. I wanted to comment on the manifestation of the duplicity of their position, when yesterday the Premier said that as long as it's coming out of the tailpipe of a car, a truck or a bus,

he doesn't really care about children and the air. He doesn't really care about childhood asthma, their lungs or anything else. He's worried about coal plants, but he couldn't care less if the health of Ontarians is being detrimentally affected by the emissions from cars, trucks, buses and so on in this province. I just want to put it on the record that it is quite reprehensible that they like to categorize the people who sit in other political parties as somehow feeling that the health of people in this province is dispensable. They've chastised the federal government for not having an emissions plan, and when they come out with one, the Premier basically says, "As long as it doesn't touch cars, because I don't care what comes out of the back of a car, truck, bus, diesel transport or anything else. I'm not worried about what it does to children in this province." That's what the Premier said.

You know what? I think they've got to take a real good look at their positioning and, secondly, maybe not be quite so quick to categorize those who don't see other issues the way they do and jump to categorize them as somehow being opposed to the health of children in this province. I think what your Premier said yesterday answers all the questions. Frankly, it's quite regrettable that that is how little value he places on the health of children in this province.

Hon. Mr. Duncan: May I respond to that, Mr. Chair? **Mr. Yakabuski:** I think our time's up, isn't it?

Hon. Mr. Duncan: No. In fact, I've been watching it. If I may respond, first of all, that's not what the Premier said.

First of all, I think it's important for the people of Ontario to know that the auto companies reduced emissions more than 80% from their vehicles over the last 20 years. I think the point the Premier was making was that the emission standards being applied to Ontario-based industries—that is, the auto industry—are much tougher than those being applied to the oil and gas industry in Alberta, where the most emissions come from.

I would suggest that Ontario MPPs ought to be thinking about why their federal counterparts are penalizing Ontario industry when, in fact, the biggest emitters are based in other provinces. We're simply looking for fairness, whether you're talking about the fiscal imbalance or the application of emission standards. I'm hoping that we can do that.

The Chair: That brings us to the end of Mr. Yakabuski's time. I know Mr. Hampton is on his way here. I'd like to take about a two-minute recess, and then we'll finish up with—

Mr. Wilkinson: If that's the case, I believe Mr. Zimmer has some questions.

The Chair: Okay. You've got lots of time available. Go ahead and ask the question.

Mr. Zimmer: I'm wondering, to the minister, if any thought has been given to in any way trying to make use of Tory windbags as a source of energy, or would that be dangerous to the environment?

The Chair: Are there any other questions from the—

Hon. Mr. Duncan: Again, I want to make sure that people understand the implications of making sure that we apply emission standards fairly, not only across provinces but across industries. When you look at what's happening in the oil and gas sector—even Peter Lougheed and Preston Manning have questioned the rate of development and the cost to the environment of proceeding on the tar sands the way the Alberta government has, and issues not only with respect to emissions and CO₂, but also—my understanding is that it takes two barrels of water for every barrel of oil they get out of the tar sands.

So I think the issue isn't whether or not we have to do better on emissions—which we are—the issue is about how those emission standards are applied across industries and across jurisdictions in Canada. I don't think we should lose sight of that, and I think that members of the Ontario Legislature ought to stand up for Ontario. We ought to stand up for Ontario if we're talking about the fiscal imbalance. We ought to stand up for Ontario if we're being penalized unfairly, or if our industries are being penalized unfairly. It's a matter of balance. It's a matter of doing what's right for the broader economy.

Mr. Wilkinson: On a point of order, Mr. Chair: If the government's exhausted its questions and the opposition aren't here, why would we not go to a vote on estimates? Am I missing something?

The Chair: I just want to give Mr. Hampton the opportunity to use up his last 20 minutes.

Mr. Wilkinson: So would I, but with respect, I know Mr. Hampton is not speaking in the House, because his colleague is.

The Chair: I understand, but I gave the minister an opportunity yesterday to be away for an hour, and I'd like to extend some privileges to him as well. If he's not available in the next couple of minutes, we could just recess, and then we will—we'll take a five-minute recess.

Mr. Wilkinson: We don't intend to miss the vote today on the opposition motion.

The Chair: I understand. We'll have a quick vote at the end of the estimates for today as well. So give us five minutes.

The committee recessed from 1710 to 1714.

The Chair: The meeting is called back to order. Mr. Hampton has 20 minutes.

Mr. Hampton: My apologies, Chair. I was at another event downstairs in the dining room. I was asking, if I remember correctly, if you could produce the figures from California that you have cited from time to time. I'm going to ask again if you will inquire with California and produce those figures for us. I think you were reading from some documents earlier on, and if you can table those documents as well.

Mr. Gillis: We will ask for the information.

Mr. Hampton: I also wanted to ask some further questions on some issues that are of interest; I don't know if the deputy or the minister wants to respond to these. This may relate partially to questions that were asked earlier by Mr. Yakabuski. The first question is, has

construction begun on the 570-megawatt St. Clair gas plant?

Mr. Jennings: This is the Invenergy plant. It has not yet started construction.

Mr. Hampton: When was that approved? Let me be more precise: When was that announced by the government?

Mr. Jennings: The contract would have been signed in April 2005.

Mr. Hampton: That's when the contract was signed, in April 2005?

Mr. Jennings: Yes.

Mr. Hampton: When was it announced?

Mr. Jennings: They were announced at the same time. It was part of the clean energy source request for proposals, the competitive process.

Mr. Hampton: Okay. I refer to it as the 570-megawatt St. Clair gas plant. You refer to it as the—

Mr. Jennings: Well, that was the name of the company, but the project name you quoted is correct. I was just referring to the company's name, Invenergy.

Mr. Hampton: So construction hasn't started?

Mr. Jennings: It has been challenged in terms of municipal approvals at the original site. They had to locate a new site.

Mr. Hampton: They had to locate a new site?

Mr. Jennings: Yes. It is still in the Sarnia area.

Mr. Hampton: Can you tell us why they had to locate a new site?

Mr. Jennings: There was a municipal hearing in terms of the zoning, and the municipal council turned down the request that they required for approvals. This was related to public meetings and various things.

Mr. Hampton: So do they have a new site now?

Mr. Jennings: They have a new site, yes.

Mr. Hampton: Has that been approved in terms of zoning?

Mr. Jennings: Yes, it is zoned for construction. My understanding is that they have to complete an environmental assessment that was related to their change of site, which they are in the process of doing. Basically, they have been delayed, because they were planning to go ahead at the initial site, but they had to change sites.

Mr. Hampton: And no environmental approval has been obtained yet?

Mr. Jennings: No, but they are in the process.

Mr. Hampton: They're in the process of doing the environmental assessment.

Mr. Jennings: Yes.

Mr. Hampton: Do you have an estimate of how long that's going to take?

Mr. Jennings: We have an estimate in terms of the inservice date, that it would be before the end of 2008.

Mr. Hampton: Was that the original in-service date that was announced?

Mr. Jennings: They have been delayed, and there is a process in the contract which is now held by the Ontario Power Authority, so we would have to get the full details from them. They are managing the contract; it was

transferred to them. There are force majeure provisions related to delays and approvals, so everything they've done is within those terms.

Mr. Hampton: I'm asking you, do you know when the projected in-service date is now?

Mr. Jennings: Before the end of 2008.

Mr. Hampton: Wasn't that the original one?

Mr. Jennings: It would have been earlier, essentially, had they got their approvals, had there been no delay in the project. This has probably added 10 months to 12 months to the project, an effect of them having to get a new site for the project.

Mr. Hampton: Has it added cost to the project?

Mr. Jennings: Again, the Ontario Power Authority is directly managing the contracts now. They originally signed with the ministry, but they have been transferred to the power authority.

Mr. Hampton: Can you get that information for us?

Mr. Jennings: We can undertake to get that from the Ontario Power Authority.

Mr. Hampton: We'd like the scheduled in-service date and what costs have been added to the contract—actually what the expected cost of the contract is now.

I want to ask you about the 280-megawatt Greenfield South gas plant in Mississauga. What is the situation with that proposed project?

1720

Mr. Jennings: Again, the contract is with the Ontario Power Authority, so they would have the actual details. They are similarly in a municipal approvals situation with the city of Mississauga, and I believe that is fairly imminent. That's supposed to be ruled on in the next month or so

Mr. Hampton: When was that announced?

Mr. Jennings: This was one of the contracts that was signed in April 2005.

Mr. Hampton: So along with the 570-megawatt St. Clair gas plant?

Mr. Jennings: Yes, that's correct.

Mr. Hampton: I call it the 280-megawatt Greenfield South gas plant. What do you call it?

Mr. Jennings: That's the correct name, yes.

Mr. Hampton: Okay. So that was announced in April 2005, but they have not begun construction yet.

Mr. Jennings: They have similarly had municipal approvals issues.

Mr. Hampton: And what were those?

Mr. Jennings: Basically, the city of Mississauga has an issue around zoning. The project was in an area that was zoned appropriately and the city has basically wanted to change the zoning. But this is obviously a municipal issue; it's not one we're directly involved in.

Mr. Hampton: Has there been an environmental assessment for that project?

Mr. Jennings: They have gone through an environmental assessment and that was more completed—it's up to the director stage. They've gone through the public consultation and the various stages up to the approval of the director, the Ministry of the Environment. My under-

standing is that the final decision is in a sense pending the resolution of the municipal issue.

Mr. Hampton: The final environmental approval?

Mr. Jennings: They are waiting. Because the municipal approvals issue has come up, they don't have final approval until that's resolved. I believe that's with the Ontario Municipal Board.

Mr. Hampton: I wanted to ask some questions. Minister, you issued a directive that up to 1,000 megawatts of high-efficiency combined heat and power projects be built across Ontario, including industrial cogeneration projects and I think what you call district energy projects. I wanted an itemized list of those and the current status of those projects.

Hon. Mr. Duncan: Those have not be released yet and the contracts aren't signed, but that's imminent.

Mr. Jennings: Yes.

Mr. Hampton: So no contracts have been signed on that. And imminent means what?

Hon. Mr. Duncan: The next two weeks.

Mr. Hampton: Is that according to schedule or is that behind schedule?

Hon. Mr. Duncan: I don't think we laid out a time when we would announce the successful proponents, but I want to double-check that just to make sure. Do you have a recollection of that?

Mr. Jennings: It's on time with the current schedule. The original directive is from 2005, and they have been in considerable consultation with stakeholders on the process.

Mr. Hampton: Can you tell us the general nature of those projects, if they are combined heat and power? We're talking about industrial cogeneration. Are you looking at the chemical industry? Are you looking at the steel industry? Are you looking at the forest industry?

Hon. Mr. Duncan: We're not in a position to speak about those until the actual successful proponents are announced, and it will be within the next couple of weeks. All of the projects that will be announced are within the parameters of the call for proposals.

Mr. Hampton: So the determination hasn't been made yet about which projects will be recognized or which ones will not be?

Hon. Mr. Duncan: No. The successful proponents have been identified, but I don't believe we've entered into contracts yet with the successful proponents.

Mr. Hampton: So there's not a contract concluded. **Hon. Mr. Duncan:** Not yet.

Mr. Hampton: Do you know yet how many of these projects there will be?

Mr. Gillis: I know I sound like a broken record, but we ought to wait until contracts have successfully been signed and not speculate at this stage.

Mr. Jennings: These are managed by the Ontario Power Authority.

Hon. Mr. Duncan: I don't want to give you a number now in the event that, for some reason—let's say I tell you a number, either in terms of the number of proponents or the number of megawatts, and it turns out that

one or two of the agreements can't be executed; then I've put the wrong information on the record. At this point it wouldn't be prudent to speculate. Suffice it to say we anticipate an announcement within the next couple of weeks.

Mr. Hampton: Do you know what it will be? Will it be 1,000 megawatts? Will it be 900 megawatts?

Hon. Mr. Duncan: Again, I don't want to speculate on that number at this point. We set a target of 1,000 megawatts.

Mr. Hampton: A couple of other general questions before I go back over some of the other information. Do you plan any announcements regarding regional energy pricing or regional hydro rates in the near future?

Hon. Mr. Duncan: As has been indicated, the Premier last March in Thunder Bay indicated we would look at the issue. We are continuing to explore the issue, and those discussions are ongoing at cabinet.

Mr. Hampton: Can you tell us what options are being considered?

Hon. Mr. Duncan: No. It's a matter before cabinet. Once cabinet has made a decision, the government's position will be made clear.

Mr. Hampton: Can you tell us what rates or what prices are being considered?

Hon. Mr. Duncan: No.

Mr. Hampton: Will regional rates apply to all customers—residential, commercial, industrial—or just to some customers?

Hon. Mr. Duncan: These are matters that are being discussed by the cabinet at the moment and it wouldn't be appropriate to comment at this point in time.

Mr. Hampton: We discussed briefly the 570-megawatt St. Clair gas plant and the 280-megawatt Greenfield South gas plant in Mississauga. I think we would agree that those projects are not proceeding as announced, that they're not proceeding upon the timeline that was announced. What other projects that were announced are not proceeding according to the timeline that was announced?

Mr. Jennings: I mentioned that both of those projects arose from the April 2005 signing, which was a request for proposals for clean energy sources. There is the 1,005-megawatt Greenfield project, which is in Sarnia, and that one has Mitsui and Calpine for partners. That one is under construction and we are expecting that completion before the end of 2008.

Mr. Hampton: Is that the original date that was announced?

Mr. Jennings: It has been delayed. It has its environment assessment approval. That was challenged in court, and that court challenge has been withdrawn, so they have been under construction basically since the summer.

Hon. Mr. Duncan: I would like to point out that, in terms of megawatts of new supply that are coming on line, the government has always talked in the context of between now and 2010, therefore building in additional time over and above the delays that we've already seen experienced by some of these projects in terms of going

forward. So I want to be clear that throughout our discussions on all of these issues in terms of the total new megawatts coming on line, we've always talked in the context of 2010. Based on the in-service dates, we're now projecting late 2008 on these two projects. In the case of Greenfield, we have a date of October 2008; in the case of St. Clair power, it's late 2008. In terms of our system planning, in terms of what we need to have brought on in total, we've looked at it in the context of 2010. In order to take into account the potential for some of the kinds of delays we've seen in these projects, in terms of our wind projects—we've had unanticipated challenges in one or two of the projects that have delayed them, yet we believe and the ISO has confirmed that our energy supply is in good shape for the next 18 months, and that's the time frame in which they lay these things out.

1730

The Chair: Thank you, Minister. Mr. Hampton, you have about five minutes left in this session.

Mr. Hampton: Let me ask the question again. Are there other projects that were announced, where an original expected completion date was announced, that are now behind the completion date, or the expected completion date, that was originally announced? In other words, are there other projects that have fallen behind what was originally announced?

Mr. Jennings: Wind.

Hon. Mr. Duncan: The Melancthon 2 Wind. That's the one where there's now a First Nations land claim issue, as well as a wind issue. I think that's the only one, other than the ones we've identified.

Mr. Hampton: And that's located where? **Hon. Mr. Duncan:** That's up near Shelburne.

Mr. Hampton: Okay. And how many—

Mr. Jennings: There have been wind or renewable contracts for over 1,300 megawatts. Some of those in the second RFP are still in EA approvals because of certain local challenges.

Mr. Hampton: I just wanted to ask you a couple of questions so we can agree on terms. Smart metering systems necessitate the deployment of AMR. I gather that is a technical term. What do you understand by the term AMR?

Ms. Lawrence: AMR is different from automated metering infrastructure. It typically is used as automated meter readings, which are different from the smart meter infrastructure and communication systems.

Mr. Hampton: Automated meter reading from advanced metering infrastructure or automated metering infrastructure?

Ms. Lawrence: The AMI, or automated meter infrastructure, is typically a more sophisticated system with a communications component. Automated meter reading is in fact what most of the jurisdictions in the US have done to date, and it's simply replacing the manual reads with a capacity to read the meters remotely.

Mr. Hampton: Again, in terms of what you're projecting, would you project the use of AMR or advanced metering infrastructure, and what's the difference, so I'm clear?

Ms. Lawrence: Automated meter reading is one functional opportunity for LDCs or utilities to get out of advanced meter infrastructure. The more sophisticated the system, the greater the functionality that's available.

Mr. Hampton: And the greater the cost?

Ms. Lawrence: I don't know that for a fact. We haven't costed out those utilities which are just doing AMR.

The Chair: We're down to a minute, Mr. Hampton.

Mr. Hampton: In terms of what you are looking at in the smart meter project and in terms of what the LDCs are looking at, I take it you're looking at the advanced metering infrastructure, as opposed to just automated meter reading?

Ms. Lawrence: That's correct.

Mr. Hampton: Do you have cost differentials as between automated meter reading and advanced metering infrastructure?

Ms. Lawrence: We can certainly look into the costs of automated meter reading as deployed in jurisdictions in the United States, and I think we have been clear about awaiting the response to the various procurements under way on automated meter infrastructure. I also think we've undertaken to look into the projected costs in California, which is also an AMI initiative.

Mr. Hampton: The reason I ask is because the cost of meter reading infrastructure, I am told, increases with the level of automation and the level of sophistication.

Hon. Mr. Duncan: So do the savings.

The Chair: Ladies and gentlemen, we're beyond our time now. I want to thank everyone for their patience at times.

Hon. Mr. Duncan: Chair, I want to thank you and the opposition again for yesterday. I was very grateful for that patience.

The Chair: Thank you for that.

Now there's time for some votes, if the governing party isn't using any more of its time.

Mr. Wayne Arthurs (Pickering-Ajax-Uxbridge): No, we'll stand down our time.

The Chair: Okay.

Shall vote 2901 carry? Carried.

Shall vote 2902 carry? Carried.

Shall the estimates of the Ministry of Energy carry? Carried.

Shall I report the estimates of the Ministry of Energy to the House? I shall.

Thank you very much, everyone. The meeting is now adjourned. We'll meet back here next week right after routine proceedings on Tuesday afternoon for the Ministry of Municipal Affairs and Housing.

Thank you very much, Minister, for your time today, and the staff of the Ministry of Energy.

The meeting is adjourned.

The committee adjourned at 1738.

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